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EY has now banked over \$500m from the 2009 Nortel bankruptcy as legal fees continue to balloon

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Lehman Brothers, holders of the dubious honour of being largest bankruptcy of all time, lumbered through the court in 3.5 years. Nortel has so far clocked up seven (Source: Getty)

EY, previously known as Ernst and Young, has now raked in over \$500m (£354m) in fees from the collapse of Canadian tech giant Nortel over the last seven

years, the London based accounting giant has confirmed.

The total fees to all legal parties in the long-running case over how to divvy up the \$7.3bn remnants of the failed company have climbed to \$1.87bn, 18 per cent of Nortel's assets at its peak of \$10.5bn.

Earlier this year City A.M. reported [the ongoing row had racked up legal costs in the UK of over \\$700m.](#)

Three groups of creditors are fighting over the company's carcass, which includes a group of 33,000 UK pensioners, a group of Canadian pensioners, and Nortel's US bondholders.

The battle boils down to whether Nortel's US units have to share the money – which they raised by selling assets after the bankruptcy was filed in 2009– with UK and Canadian divisions.

EY has made the bulk of its cash from the case as a court-appointed monitor in Canada and as administrator for the UK estate.

EY brought in \$270m from its role as UK administrator, while making \$200m as Canadian court monitor.

A further \$33m was made from advising on chapter 11 tax in the US to bondholders.

The figures were sent to City A.M. by Diane Urquhart, a pro bono advisor to the Nortel Canadian Long Term Disabled Former Employees group.

Last week the groups returned to court for a fresh round of legal wrangling, with the the money locked in escrow until either the US and Canadian judges make a decision or the creditors come to an agreement.

Mediation was going on since May 2015 when a pair of judges ruled that \$500m more should go to UK creditors than the \$1.3bn requested, leaving more money for both Canadian and UK pensioners and less for bondholders.

The UK unit has been criticised, however, for refusing to compromise over the funds and it has been warned the dispute could go on for years now it is back in the court appeals.

Nortel was brought down by an upheaval in market conditions, an accounting scandal that severely reduced its stock price and the wider financial crisis.

The company sold off various aspects of its business since its collapse, including patents and wireless technology, forming much of the now disputed cash pile.

The UK Nortel pension scheme is still being assessed to determine whether it should become the responsibility of the Pension Protection Fund (PPF).

During this assessment phase, pensioners will continue to be paid their benefits from the trust's assets, although these benefits are capped at the level of compensation that a pensioner would receive if the scheme became the responsibility of the PPF.

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